BRITISH COLUMBIA

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tel (250) 387-0327
fax (250) 387-0329

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highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **British Columbia's venture into near-double-digit jobless rates at the end of last year appears to have been short-lived.** The province's unemployment rate dropped to 8.9% (seasonally adjusted) in January after reaching a high of 9.7% in the previous month. The moderation of the jobless rate was primarily due to employment gains (+1.4%) which were well in excess of labour force growth (+0.4%). However, BC's unemployment rate was a full percentage point higher than the national average (7.9%) and nearly double that (4.7%) in Alberta, which had the lowest rate in the country.

  The Canadian unemployment rate was virtually unchanged in January, dropping 0.1 percentage points. As was the case in BC, job gains (+0.5%) exceeded growth in the labour force (+0.4%) last month. *Source: Statistics Canada*

- **The private sector was the driving force behind the job growth in BC last month.** Private sector employment increased 1.8%, ending a 9-month hiatus during which the number of jobs either declined or remained unchanged. Self-employment rebounded (+2.0%) after dropping in December, but employment in the public sector shrank (-0.6%). Full-time employment was up 1.5%, while the number of people with part-time jobs rose 1.1%. More men (+2.0%) than women (+0.8%) found new jobs. *Source: Statistics Canada*

- **Employment in both the goods (+4.8%) and service (+0.6%) sectors increased last month.** In the goods industries, employment was up across the board, with the biggest gains seen in utilities (+28.0%) and construction (+9.9%) as both industries recouped part of their losses in the previous two months. Other goods-producing industries posted modest gains, ranging from +1.2% in agriculture to +1.8% in manufacturing. Job growth in the service sector was more of a mixed bag. Retail and wholesale trade (-2.2%) continued to downsize, as did the education (-1.5%), accommodation and food (-1.9%), public administration (-3.1%) and miscellaneous service industries (-3.7%). On the other hand, the number of people working in the finance (+6.4%), transportation (+6.2%) and professional, scientific and technical service (+4.6%) industries increased. *Source: Statistics Canada*

- **Four of seven regions of the province had double-digit jobless rates last month, ranging from 10.1% (3-month moving average) in Vancouver Island/Coast to 13.5% in North Coast/Nechako.** Kootenay (10.4%) and Cariboo (11.8%) were the other regions with unemployment rates of more than ten percent. Jobless rates were lower in Mainland/Southwest (8.3%), Northeast (8.7%) and Thompson/Okanagan (9.8%). The spike in the unemployment rate at the end of last year is reflected in the relatively high regional rates, which are calculated as 3-month moving averages. *Source: Statistics Canada*

The Economy

- **The value of building permits issued by BC municipalities increased 17.9% (seasonally adjusted) in December.** The increase was largely due to a surge (+32.5%) in permits for residential construction projects. Permits for non-residential construction were down 9.7% from the November level. Vancouver (+23.7%) and Victoria (+63.0%), which together account for more than two-thirds of the provincial total, posted healthy gains *Source: Statistics Canada*

Report **Exploring China as a Market for BC Wood**

Did you know...
Westerners like to hang on to their old cars. BC and Alberta each account for about a quarter of the older cars (model year 1983 or earlier) registered in Canada. One in ten cars on BC roads, one in nine in Alberta, and one in seven in Saskatchewan, are older models.

- **Last year, permits were issued for $5.0 billion of residential and non-residential construction projects in the province**. This was up 10.3% from the 2000 level. The increase was largely due to activity in the housing sector (+17.8%) as improved housing market conditions led to a flurry of new construction projects in some parts of the province. Leaky condo repairs may also have contributed to the growth. Construction of commercial, institutional and industrial projects rose a relatively modest 1.7%.

  Among the regions, Thompson/Okanagan (+29.4%) posted the strongest gain, followed by Cariboo (+13.5%). The value of planned construction projects in Mainland/Southwest (+11.2%) and Vancouver Island/Coast (+9.3%) was also up substantially from 2000. Permits for residential construction projects increased by nearly a quarter (+23.2%) in Mainland/Southwest, and by more than that (+26.2%) in Thompson/Okanagan. Vancouver Island/Coast (+13.7%) also posted a big gain, but planned spending on housing construction in other parts of the province was well below 2000 levels. Decreases ranged from –10.6% in Northeast to –41.6% in North Coast.

  Source: Statistics Canada

Suicides

- **Canadians are seven times more likely to die from suicide than to be the victim of a homicide.** The death toll from suicides during the period from 1993 to 1998 was higher than the number of lives lost in motor vehicle accidents. The most common method used to commit suicide was suffocation (primarily by hanging), which accounted for more than a third (39%) of the 3,698 suicide deaths in Canada in 1998. Poisons such as drugs or carbon monoxide (26%) and firearms (22%) were also used. Four percent of suicides were committed by jumping from a high place, 3% by drowning, 2% by cutting and 4% by other means. Women were more likely to poison (41%) than to suffocate (34%) themselves, while men tended to use suffocation (40%) and firearms (26%) to end their lives. Men (2,925) were nearly four times as likely as women (773) to successfully commit suicide, but women were more likely than men to make unsuccessful attempts. The hospitalization rate for attempted suicides by females was 108 per 100,000 compared to 70 for males. It's estimated that there are as many as 20 unsuccessful attempts for every suicide death.

  Source: SC, Catalogue 82-003-XPE

Tourism

- **A total of 23.5 million visits were made to provincial parks during 2001.** This was virtually unchanged from the previous year. Most (20.9 million) were day or boat visits, while 2.6 million involved campground use. Lower Mainland parks were the busiest (8.3 million), followed by parks in the Vancouver Island (5.5 million) and Okanagan/Kootenay (5.2 million) areas. Thompson/Cariboo (2.5 million) and Northern BC (2.1 million) parks saw fewer visitors. *Source: BC Parks*

- **The number of aircraft landing and taking off from Vancouver International airport declined 7.1% last year, but Victoria's airport was busier (+3.3%) than it had been in 2000.** Other BC airports with NAV Canada towers had mixed results. Movements in and out of Kelowna (-0.1%) and Pitt Meadows (+0.2%) were unchanged while Abbotsford (-1.1%) saw a modest decline. The number of aircraft landing and taking off from airports in Prince George (-21.3%) and Langley (-17.8%) plunged, but the Boundary Bay (+5.3%) and Vancouver Harbour (+70.3%) airports were busier than in 2000.

  Source: Transport Canada

Movie Theatres and Drive-ins

- **British Columbians made an average of 4.21 trips to movie theatres and drive-ins during 1999/2000, making them the second-most avid moviegoers in the country.** Alberta (5.19) had the biggest number of visits, per capita, in the country while Newfoundland (1.47) had the lowest. The average Canadian made 3.93 visits to the movies in 1999/2000. Total Canadian attendance in 1999/2000 was at a 40-year high of 119.8 million, as moviegoers flocked to new multi-screen theatre complexes. *Source: SC, The Daily*

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Feb. 08, 2002 *Infoline Report:* **Exploring China as a Market for BC's Wood Products**

Contact: Dan Schrier (250) 387-0376
Originally published in Exports, October 2001. Annual subscription $60 plus GST

Exploring China as a Market for BC's Wood Products

China is often seen as a huge, largely untapped market for trade and China's recent accession to the World Trade Organisation (WTO) should make it an even more desirable trade partner. With a population estimated at approximately 1.3 billion,[1] the world's most populous country offers a tremendous market for exports. In British Columbia there is a keen interest in finding a market in China for forest products, particularly in light of the current softwood lumber dispute with the United States that has resulted in substantial layoffs of forest sector employees. In November, Premier Campbell led a trade mission accompanied by several forest industry representatives with the goal of marketing BC wood in the country where they are expected to build almost as many homes annually as currently exist in all of Canada.

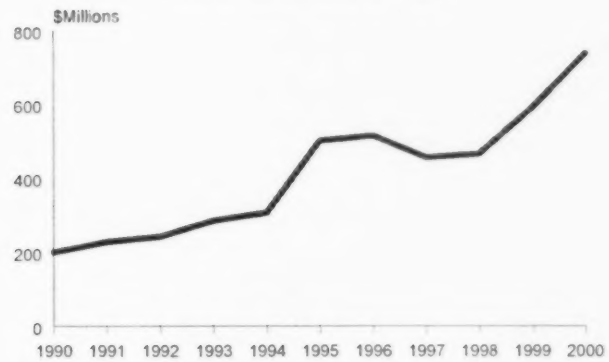
China's housing boom could make that country a significant buyer of BC wood

Profile of Canada/China trade

Even though China was the fourth most significant destination for Canadian commodity exports and the fifth largest source of imports into Canada in 2000, Canadian goods represent less than 1% of China's imports and Canada imports only about 1.4% of products exported from China. There is a tremendous potential for expanded trade with China.

In the last decade the value of Canada's exports to China has almost doubled, but they still make up less than 1% of Canada's total exports. British Columbia increased the value of its exports to China by 279% between 1990 and 2000. Shipments to China accounted for 2.3% of all BC origin exports in 2000.

BC Origin Exports to China

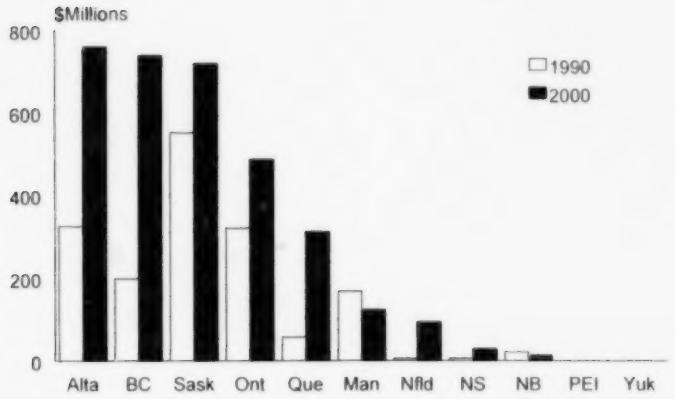


BC origin exports to China have grown substantially over the last decade such that China now ranks as the fourth most significant importer of BC commodities

[1] United States Census Bureau, International Database

In 2000, Alberta, British Columbia and Saskatchewan each exported over $700 million worth of goods to China ranking them one-two-three among the provinces. The tendency toward trade with the western provinces probably has less to do with China's closer proximity to them than with their product mix. The majority of commodities traded to China are resource-based, particularly agricultural products, although other inputs to China's increasingly industrialised economy are also in demand. China imports very few manufactured products from Canada, which is why Ontario and Quebec lag behind the more resource-oriented western provinces. BC was the origin of 23% of all Canadian goods shipped to China in 2000.

The three western-most provinces exported the most to China in 2000



BC ranks second among the provinces in the value of exports to China

Alberta and Saskatchewan have evolved from primarily exporting wheat to China to shipping products such as potash from Saskatchewan and chemicals and plastics from Alberta. Although British Columbia's export mix to China has significantly diversified over the last 10 years, wood pulp still comprised over half (55%) the value of BC origin commodity exports to China in 2000, down from 65% in 1990. Copper ores and concentrates were the next most significant export, accounting for over 15% of the value of BC exports to China.

Wood pulp is by far the most significant BC export to China

Approximately 26% of all imports of Chinese goods into Canada in 2000 were cleared through British Columbia; however, this does not mean that this merchandise was consumed in the province. Due to British Columbia's location on the West Coast, most of the goods shipped from Asia arrive in BC before being transported east. Shipments of toys represented the largest value of imports from China, comprising about 16.5% of the total. Electrical equipment and appliances were the next most popular import making up about 15% of all goods shipped through BC.

Toys and electronics are the items most often imported from China through BC ports

Wood to China: an untapped niche?

The BC forest industry is reeling from the dispute with the United States that has resulted in punishing duties on Canadian softwood lumber exports. Several mills have closed, possibly for good, putting thousands of British Columbians out of work. The forest sector is looking for alternative markets for its goods and China is one possibility. Currently wood products used in construction of houses make up a very small portion of BC origin exports to China.

There is a simple reason for the lack of demand in China for BC wood. Most housing in China is built of steel and concrete. The building standards are designed with those materials in mind and are not suitable for wood frame construction. There is some hope that this may change, however.

Housing in China is mostly built of steel and concrete, which is why there has been very little demand for BC wood products

Historically, most housing in China was owned by the state and it was part of the government's mandate to provide housing for its citizens. As China underwent reform and took steps toward a more market-driven system, it developed policies to encourage more privately owned housing. As a result, investment in housing has become more of a priority.

In the last few years interested parties from countries in the West, including Canada, have been leading a campaign to revise China's building codes such that they will encompass wood frame construction and to train Chinese builders to these new standards. This is not the first time that North American interests have pushed for new building standards in Asia to accommodate construction of wood frame homes. Japan is another example where this occurred and Canadian exports to Japan of wood products used in house construction[2] amounted to just over $2 billion in 2000, of which almost $1.9 billion (93%) originated in BC. This is compared to only $18.8 million worth of these products exported to China, of which $14.5 million (77%) originated in BC.

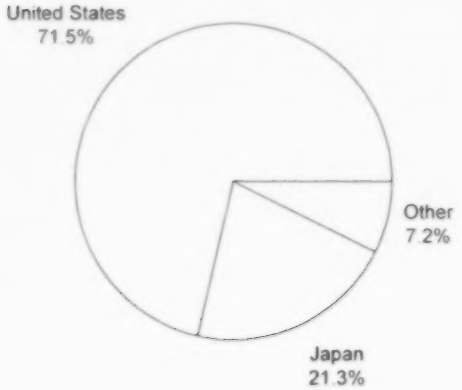
Very little of BC's wood products are exported to China

[2] All figures quoted related to wood used in house construction are comprised of the following 4-digit HS codes: 4407, 4408, 4409, 4410, 4411, 4412, 4418 and 9406 (this last code being prefabricated buildings). By far the largest component (over 80% of exports to Japan and China) is 4407, which is comprised of softwood lumber. The other components include plywood, veneer, OSB, shakes and shingles, doorframes, etc.

China comprises about a fifth of the world's population, which makes it a potentially enormous market for wood products used in house construction. However, it could take years for Chinese building codes to be transformed. The experience in Japan was made easier because, traditionally, Japanese houses were built of wood, whereas that was never the case in China. Even now, in Japan, less than 50% of housing starts are of wood frame construction.[3] In China it is about 1%.

The United States is by far the most significant destination of BC wood products used in housing construction, taking in about 72% of the value of BC exports falling in that category. Japan is the destination for 21% of those wood products with the other 7% distributed to almost 70 countries.

The United States takes in most of BC's wood



The US and Japan are the main destinations for BC wood products

The overwhelming share of the BC wood market held by the United States gives one an idea of the kind of obstacle the forest industry is facing with regard to the current trade dispute with the Americans. It will likely take time and effort to increase China's share of that market, which means the BC forest industry's dependence on the United States will probably continue for some time to come. However, that doesn't mean that BC companies shouldn't pursue more trade with China. While it may not be the answer to the current crisis in the forest sector, China could prove to be a lucrative trade partner for wood exports. It is important that BC companies get in the game early because their competitors are also looking to exploit this vast market.

[3] US Department of Agriculture, Foreign Agricultural Service. In 1999, wood frame construction was 47% of housing starts in Japan and 1% of starts in China.

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Infoline

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BC at a glance . . .

POPULATION (thousands)	Oct 1/01	% change on one year ago
BC	4,102.8	0.9
Canada	31,156.4	1.0
GDP and INCOME		
(BC - at market prices)	2000	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	127,564	5.8
GDP *($ 1997 millions)*	124,464	3.9
GDP *($ 1997 per Capita)*	30,664	3.1
Personal Disposable Income *($ 1997 per Capita)*	19,029	3.1
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Nov	2,685	-13.4
Merchandise Exports (raw) Nov	2,157	-24.8
Retail Sales (seasonally adjusted) Nov	3,218	5.0
CONSUMER PRICE INDEX		
(all items - 1992=100)	Dec '01	% change on one year ago
BC	114.8	0.4
Canada	115.9	0.7
LABOUR FORCE (thousands)		
(seasonally adjusted)	Jan '02	% change on one year ago
Labour Force - BC	2,129	1.6
Employed - BC	1,940	-0.2
Unemployed - BC	189	24.8
		Jan '01
Unemployment Rate - BC *(percent)*	8.9	7.2
Unemployment Rate - Canada *(percent)*	7.9	6.9
INTEREST RATES (percent)	Feb 6/02	Feb 7/01
Prime Business Rate	3.75	7.25
Conventional Mortgages - 1 year	4.55	7.20
- 5 year	6.85	7.75
US/CANADA EXCHANGE RATE	Feb 6/02	Feb 7/01
(avg. noon spot rate) Cdn $	1.6040	1.5096
US $ *(reciprocal of the closing rate)*	0.6232	0.6623
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Dec '01	% change on one year ago
BC	643.66	0.9
Canada	641.35	3.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Released this week by BC STATS

- Tourism Sector Monitor, January 2002

Next week

- Labour Force Statistics, January 2002

BC STATS, Ministry of Management Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BC.Stats@gems8.gov.bc.ca